

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§ Chapter 11
Sanchez Energy Corporation¹ Debtors.	§ CASE NO. 19-34508-H1
DIMENSION ENERGY SERVICES, LLC,	§ Jointly Administered
Plaintiff,	§
v.	§ Adversary No. _____
SANCHEZ OIL & GAS CORPORATION, SANCHEZ ENERGY CORPORATION, AND SANCHEZ MIDSTREAM PARTNERS, LP	§
Defendants.	§

NOTICE OF REMOVAL

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

COMES NOW, DIMENSION ENERGY SERVICES, LLC (“Plaintiff”), a creditor in the above-referenced bankruptcy case and Plaintiff in this adversary proceeding, and files this Notice of Removal pursuant to 28 U.S.C. §1452 and would respectfully show the Court as follows:

I.

1. Notice is hereby given that Plaintiff seeks removal of the above referenced action to the United States Bankruptcy Court for the Southern District of Texas, Houston Division. Removal of this civil action is proper because Plaintiff is a party to the civil action filed on December 26, 2017, in the 165th Judicial District Court, Harris County, Texas (“District Court”),

¹ The Debtors in these cases, along with the last four digits of their respective taxpayer ID numbers are: Sanchez Energy Corporation (0102); SN Palmetto, LLC (3696); SN Marquis LLC (0102); SN Cotulla Assets, LLC (0102); SN Operating, LLC (2143); SN TMS, LLC (0102); SN Catarina, LLC (0102); Rockin L. Ranch Company, LLC (0102); SN EF Maverick, LLC (0102); SN Payables, LLC (0102); and SN UR Holdings, LLC (0102).

assigned cause number 2017-85247, styled *Dimension Energy Services, LLC v. Sanchez Oil & Gas Corporation, Sanchez Energy Corporation and Sanchez Midstream Partners, LP* (the “State Court Action”).

2. This is a core proceeding arising under Title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”). This Court has jurisdiction over this proceeding pursuant to 28 U.S.C. §§ 157(b) and 1334. Plaintiff consents to the entry of final orders or judgment by the bankruptcy judge in this case.

II.

3. On August 11, 2019, Sanchez Energy Corporation and its related entities (the “Debtors”) filed voluntary Chapter 11 petitions in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Case”). The filing of the Bankruptcy Case constituted the Order for Relief.

4. This Notice of Removal is being filed within ninety (90) days after the Order for Relief was entered, as required by Rule 9027(a)(2) of the Federal Rules of Bankruptcy Procedure. Pursuant to Local Rule 9027-1(b), a copy of the State Court Action’s docket is attached here as Exhibit A and incorporated herein by reference as if set forth fully herein, and all known pleadings which are on file in the State Court Action are attached as Exhibits A-1 and incorporated herein by reference as if set forth fully herein.

III.

5. The State Court Action is a breach of contract, lien foreclosure and fraud case in which Plaintiff seeks approximately \$2,809,499.76 in damages for non-payment of amounts due to Plaintiff. Debtor Sanchez Energy Corporation is a named defendant in the State Court Action.

IV.

6. On or about March 13, 2017, Plaintiff and Defendants entered into a Master Service Agreement setting forth the terms and conditions under which Plaintiff would perform work for Defendants. On or about March 23, 2017, Plaintiff and Defendants then entered into a Form of Work Order relating specifically to the construction of a project for real property and improvements known as the SECO Pipeline located in both LaSalle County, Texas and Webb County, Texas (the “Project”). The Master Service Agreement and Project-specific work order taken together form the parties’ Contract (“Contract”) at issue in this lawsuit.

7. Defendants and their third-party inspector requested information concerning the welding procedures Plaintiff intended to utilize on the Project. Plaintiff produced the requested information concerning such procedures, which were used as the basis for Plaintiff’s bid for the Project. Following a review of Plaintiff’s welding procedures the bid was awarded, but before the commencement of work activities, Defendants and their third-party inspector demanded that Plaintiff instead utilize welding procedures similar to “winter welding procedures” in Spring and Summer weather of 2017 on the Project, but then refused to pay for such additional scope of work.

8. In addition to the failure to pay for the additional welding procedures the Defendants demanded, Defendants have also failed to pay for other work performed by Plaintiff as set forth in the invoices and change orders. Plaintiff has substantially completed its scope of work under the Contract and requested its rightfully owed payment from Defendants.

9. Debtor Sanchez Energy Corporation shares the responsibility with the other named Defendants for the debt owed to Plaintiff pursuant to the Contract between the parties.

10. Plaintiff sued the Defendants for breach of contract, fraud, quantum meruit/unjust enrichment, violations of the Texas Prompt Pay Act and Claim for Interest, foreclosure of liens

against the Project, and alter ego. A copy of Plaintiff's First Amended Petition in the State Court Action is attached hereto and incorporated by reference for all purposes.

V.

11. Because the potential impact of the State Court Action upon the Debtors' Chapter 11 bankruptcy case is significant, removal is authorized under 28 U.S.C. §1452(a) because the State Court Action is a civil action related to a case under Title 11 of the United States Code of which this Court has jurisdiction under 28 U.S.C. §1334(b). Upon removal of the State Court Action, the proceeding will be a core proceeding under 28 U.S.C. §157(b)(2)(A), (B) and/or (O).

12. Local Rule 9027-1(a) requires Plaintiff to provide a contact list of parties and counsel, and identify that parties served with this Notice. The parties to the State Court Action included in this removal action are as follows:

- a. Sanchez Oil & Gas Corporation;
- b. Sanchez Energy Corporation; and
- c. Sanchez Midstream Partners LP

13. The above-named parties have all answered and appeared in the State Court Action through their counsel of record, Joel Z. Montgomery and Z. Alex Rodriguez, whose contact information is included in the Certificate of Service below. Each party has received service of this Notice of Removal as set forth in the Certificate of Service through its counsel.

14. A copy of this Notice of Removal will be filed with the Clerk for the 165th Judicial District Court, Harris County, Texas, as required by Bankruptcy Rule 9027(c).

Respectfully submitted,

ANDREWS MYERS, P.C.

By: /s/ Lisa M. Norman

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ATTORNEYS FOR DIMENSION ENERGY
SERVICES, LLC

CERTIFICATE OF SERVICE

I hereby certify that on September 5, 2019, a true and correct copy of the foregoing was served via email to the party listed below at the email address listed.

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Z. Alex Rodriguez
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/s/ Lisa M. Norman

LISA M. NORMAN